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Indiana Manufacturers Association

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October 27, 2000

Lori F. Kaplan, Commissioner
Indiana Department of Environmental Management
100 North Senate Avenue
P. O. Box 6015
Indianapolis, IN 46206-6015

Dear Commissioner Kaplan:

The **IMA** understands that **IDEM** is now developing rules to address U. S. EPA's **NOx** SIP call. We would like to work with your office to ensure that these rules are protective of the environment, system reliability, and also minimize cost impacts to all consumers including the Indiana manufacturing community.

The **IMA** is concerned about the ability of the facilities to install the necessary control equipment required by a May 31, 2004 compliance date. In particular, we are concerned about the risk of increased prices for power because of unit outages that will be necessitated by the installation of control equipment in such a short period. The competitiveness of the **IMA** membership could be directly affected by unnecessary price increases or uncertainty with respect to electric system reliability. The **IMA** therefore encourages **IDEM** to provide incentives for greater environmental protection while allowing additional time to complete this major pollution control equipment construction program which will significantly reduce the potential for these negative impacts.

Specifically, we recommend that Indiana develop a **NOx** SIP rule that has a **NOx** allowance allocation for electric generating units consistent with a **NOx** emission rate of 0.15 lbs./mmBtu to be achieved by May 1, 2005, with appropriate growth rate adjustments for future economic activity. With a more reasonable compliance deadline of May 1, 2005, electric utilities will be able to preserve reliable electric supply and stable electric prices unlike that which has recently been experienced in California and New York this past summer.

The **IMA** has also learned that companies are developing new, innovative, and/or multi-pollutant control technologies that promise superior environmental results. However, additional time will be required to bring these technologies to commercial application.

The **IMA** supports the development and deployment of these technologies because they offer a more economical approach that will provide superior environmental benefits. The **IMA** encourages **IDEM** to provide sufficient flexibility in the **NOx** SIP rules to encourage the further development of these promising technologies.

cc: Ann Janice
Tim Mear

Indiana's Leading Voice for Industry

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One way **IDEM** can foster such flexibility is to include an alternative compliance plan provision within the **NOx** SIP rule that permits utilities to apply for a compliance date extension up to 2008 for units which install innovative and/or multi-pollutant control technologies that produce superior environmental results. By doing so, Indiana can establish a foundation upon which to build a more comprehensive proposal that shifts the environmental regulatory paradigm away from the costly, burdensome piecemeal approach to meeting air quality objectives to one that is more economically efficient and environmentally effective.

Now is the time for Indiana to be creative in developing a SIP that promotes a more economically rational and environmentally superior plan to meet the federal **NOx** reduction mandate. The plan must foster technological innovation, preserve reliability and affordable electricity prices. We believe that the proposal outlined here preserves the Indiana economy and the competitive edge we need.

We look forward to working with you in a constructive manner to ensure the **NOx** SIP call environmental obligations can be achieved in a manner that provides incentives and some additional flexibility on the timing of controls by encouraging electric utilities to develop and install innovative and/or multi-pollutant control technologies. We believe this is an important step to ensure this **rule** provides adequate protection of the environment in a manner that does not adversely impact Indiana's economy, challenge reliability or unnecessarily increase the cost of energy.

Please contact me with any questions.

Sincerely,

A handwritten signature in black ink, reading "Patrick Bennett". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

Patrick Bennett
Director of Environmental Affairs